

CONGRESS GETS CURRENCY BILL

Wide Reform Is Provided For in
New Measure.

RIGID RULES FOR BANKS

Details of the Proposed Law Which
Has the Indorsement of President
Wilson—Federal Board to
Have Control.

Washington, June 20.—The Owens-Glase-McAdoo banking and currency bill was introduced in both houses of congress today.

This bill, which has the approval of President Wilson, may be modified in some particulars during its consideration by congress, but in most of its features it will be the law of the land, in all probability, before the adjournment of the present session of congress.

Summary of Provisions.

Summarized, the bill is as follows: The secretary of the treasury, the attorney general, and the controller of the currency are formed into an organization committee for the purpose of dividing the United States into not less than 12 districts, each district to contain a federal reserve city.

In each federal reserve city the organization committee will organize a federal reserve bank.

Every national bank within a reserve district must subscribe 20 per cent. of its unimpaired capital to the capital stock of the federal reserve bank of that district, the capital stock to be not less than \$5,000,000.

Limit on Branch Houses.

Each federal reserve bank may establish branch offices, the number of which must not exceed one for each \$500,000 of the capital stock of such federal reserve bank.

Every federal reserve bank shall be incorporated and shall have succession for a period of 20 years from its organization.

Every federal reserve bank shall be controlled by a board of nine directors holding office for three years, three of whom shall be chosen by the stockholders, three representing the general public interests of the reserve district, and three designated by the federal reserve board.

Shareholders in a federal reserve bank shall be entitled to an annual dividend of 5 per cent. on the paid up capital.

Raising of Surplus Fund.

One-half of the net earnings shall be paid into the surplus fund until that fund amounts to 20 per cent. of the bank's capital, and the remaining half shall be paid to the United States. When the surplus fund amounts to 20 per cent. of the capital and the shareholders have received their five per cent. dividends, all excess earnings shall be paid to the United States.

Any state bank, banking association, or trust company may subscribe to the stock of a federal reserve bank.

A federal reserve board is created consisting of nine members, the secretary of the treasury, the secretary of agriculture, and the comptroller of the currency, three members chosen by the president of the United States and by and with the advice and consent of the senate, for a term of six years, one of whom is to be the governor, another the vice-governor, and the third the secretary; and three members chosen by the electors of the federal reserve banks.

Powers of Federal Board.

The federal board as empowered:

To examine accounts and books of federal reserve banks.

To require or permit a federal reserve bank to rediscount the paper of any of the federal reserve banks.

To establish each week or oftener a rate of discount which shall be mandatory upon each federal reserve bank for each class of paper.

To supervise and regulate the issue of treasury notes to federal reserve banks.

To require the removal of federal reserve bank officials for incompetency, dereliction of duty, fraud or deceit.

To require the writing off of doubtful or worthless assets upon the books and balance sheets of federal reserve banks.

To suspend the further operations of any federal reserve bank and appoint a receiver therefor.

Limit of Bank's Business.

A federal reserve bank may receive from any of its stockholders deposits of current funds, national bank notes, federal reserve notes or checks and drafts upon solvent banks.

Upon the endorsement of any member bank it may discount notes and bills of exchange arising out of commercial transactions.

Such notes or bills, however, shall not be discounted for speculative purposes.

Various restrictions are imposed in reference to the extent of the loaning power of a federal reserve bank.

The federal reserve board may authorize the reserve bank of a district to discount the direct obligations of member banks.

Certain open market operations are permitted to reserve banks.

Fiscal Agents of Government.

All moneys now held in the general fund of the treasury will be deposited in federal reserve banks, which shall act as fiscal agents of the government.

All revenues of the government shall

be deposited in such banks and disbursements drawn against such deposits.

The federal reserve banks may be required to pay interest on government deposits, but shall not pay interest on any other.

The government and state banks depositing in the federal reserve banks shall be the only depositors in the reserve banks.

An issue of \$500,000,000, plus an amount equal to the amount of national bank notes which may be retired, is authorized.

This issue shall be made at the discretion of the federal reserve board.

Division of Treasury Notes.

Any federal reserve bank may make application to the federal reserve board for such amount of treasury notes as it may desire, such application to be accompanied with an offer of collateral security to protect the notes, equal in amount to the sum applied for.

Whenever any federal reserve bank shall disburse federal reserve treasury notes, it must hold in its own vaults gold or lawful money equal in amount to 33 1/3 per cent. of the treasury notes so paid out by it.

Federal reserve banks may be required to deposit in the treasury a sum in gold or lawful money equal to 5 per cent. of whatever amount of federal reserve treasury notes issued to it.

Exchange of collateral put up for notes is provided for.

Service as Clearing House.

The federal reserve board may act as a clearing house for federal reserve banks, and may also require each such bank to exercise the functions of a clearing house for its shareholding banks.

Provision is made for the reduction and wiping out of liability by federal reserve banks.

The secretary of the treasury is directed to exchange United States 2 per cent. bonds, bearing the circulation privilege of 3 per cent. bonds without the circulating privilege. When the outstanding 2 per cent. shall be exchanged or refunded the power of national banks to issue circulating notes secured by United States bonds will cease.

Every national bank may receive circulating notes under the conditions prescribed by the bill, but no national banks shall be permitted to issue circulating notes or any substitute therefor. After twenty years national bank notes remaining outstanding shall be recalled.

Demand for Bank Reserves.

Within 60 days after the establishment of a federal reserve bank every national banking association shall establish with the federal reserve bank of its district a credit balance on the books of the latter institution equal to not less than three per cent. of its own total demand liabilities, exclusive of circulating notes, and at the end of 14 months this amount shall be increased to five per cent.

National banking associations classified as country banks and situated outside of central reserve and reserve cities must maintain a reserve equal to 15 per cent. of the aggregate amount of their deposits. National banks in reserve cities must maintain a reserve of 25 per cent. of their outstanding deposits for 26 months after the passage of the bill and for 12 months thereafter 22 1/2 per cent., and at the end of 38 months permanently a reserve of 20 per cent. of their standing deposits.

Every federal reserve bank must at all times have in its vaults in gold or lawful money a sum equal to not less than 33 1/3 per cent. of its outstanding demand liabilities.

Drastic Examination Provided.

National banking associations are provided for.

Any national bank making a loan or gratuity to an examiner is subject to a fine of \$1,000 and the officer or officers of the bank authorizing it to an additional fine of \$500. Any examiner accepting the loan or gratuity is fined \$500 and disqualified from office.

No officer or director of a national bank may be a beneficiary of any transaction made on behalf of his bank. Should he violate this provision he will be punished by a fine of not less than \$5,000 or by a penitentiary sentence of three years, or both.

Responsibility on Persons.

The stockholders of every national banking association will be held individually responsible for all obligations of such association.

Any national banking association not situated in a reserve city may make farm loans, equal to 25 per cent. of its capital and surplus or 50 per cent. of its time deposits.

Any national banking association capitalized at \$1,000,000 or more may, through the federal reserve board, establish branches in foreign countries.

The bill describes itself as "a bill to provide for the establishment of federal reserve banks for furnishing an elastic currency, affording means for rediscounting commercial paper and to establish a more effective supervision of banking in the United States, and for other purposes."

It prescribes that the short title of the act shall be the "federal reserve act." The second section which relates to "federal reserve districts" requires that within 60 days after passage of the bill the secretary of the treasury, the attorney general, and the controller of the currency, acting as a reserve bank organization committee, shall designate from among the reserve cities now authorized by law a number of such cities, not less than 12 to be known as federal reserve cities, and shall divide the continental United States into districts, each district to contain one of such federal reserve cities.

WILSON'S ADDRESS ON THE CURRENCY

Appeals to Congress to Take
Prompt Action.

SAYS DUTY IS IMPERATIVE

Limitations of Present System to Be
Removed for an Expansive and
Constructive Currency
Law.

Washington, D. C.—For the second time since assuming the presidential office, the nation's chief executive, Mr. Woodrow Wilson, appeared in person today in the halls of congress and before the joint session of the house and senate delivered his address on currency legislation. In an informal way, and briefly, but earnestly, the president pointed out the imperative duty of at once providing an elastic currency for the nation, and thus emancipating business from the limitations of the present law. He said:

Full Text of Address.

Mr. Speaker, Mr. President, Gentlemen of the Congress: It is under the compulsion of what seems to me a clear and imperative duty that I have a second time this session sought the privilege of addressing you in person. I know, of course, that the heated season of the year is upon us, that work in these chambers and in the committee rooms is likely to become a burden as the season lengthens, and that every consideration of personal convenience and personal comfort, perhaps, in the cases of some of us, considerations of personal health even, dictate an early conclusion of the deliberations of the session.

An Imperative Duty.

But there are occasions of public duty when these things which touch us privately seem very small; when the work to be done is so pressing and so fraught with big consequences that we know that we are not at liberty to weigh against any point of personal sacrifice. We are now in the presence of such an occasion. It is absolutely imperative that we should give the business men of this country a banking and currency system by means of which they can make use of the freedom of enterprise and of individual initiative which we are about to bestow upon them.

Emancipation Day for Business.

We are about to set them free; we must not leave them without the tools of action when they are free. We are about to set them free by removing the trammels of the protective tariff. Ever since the Civil war they have waited for this emancipation and for the free opportunities it will bring with it. It has been reserved for us to give it to them. Some fell in love, indeed, with the stolid security of their dependence upon the government; some took advantage of the shelter of the nursery to set up a mimic mastery of their own within its walls.

A New Day Dawning.

Now both the tonic and the discipline of liberty and maturity are to ensue. There will be some readjustments of purpose and point of view. There will follow a period of expansion and new enterprise, freshly conceived. It is for us to determine now whether it shall be rapid and facile and of easy accomplishment. This it cannot be unless the resourceful business men who are to deal with the new circumstances are to have at hand and ready for use the instrumentalities and conveniences of free enterprise which independent men need when acting on their own initiative.

Action Must Be Constructive.

It is not enough to strike the shackles from business. The duty of statesmanship is not negative merely. It is constructive also. We must show that we understand what business needs and that we know how to supply it. No man, however casual and superficial his observation of the conditions now prevailing in the country, can fail to see that one of the chief things business needs now, and will need increasingly as it gains in scope and vigor in the years immediately ahead of us, is the proper means by which readily to vitalize its credit, corporate and individual, and its originative brains. What will it profit us to be free if we are not to have the best and most accessible instrumentalities of commerce and enterprise? What will it profit us to be quit of one kind of monopoly if we are to remain in the grip of another and more effective kind?

Must Aid and Protect Business.

How are we to gain and keep the confidence of the business community unless we know how both to aid and to protect it? What shall we say if we make fresh enterprise necessary and also make it very difficult by leaving all else except the tariff just as we found it? The tyrannies of business, big and little, lie within the field of credit. We know that. Shall we not know how to act upon it? If a man cannot make his assets available at pleasure, his assets of capacity and character and resource, what satisfaction is it to him to see opportunity beckoning to him on every hand, when others have the keys of credit in their pockets and treat them as all but their own private possession? It is perfectly clear that it is our duty to supply the new banking and currency system the country needs, and that it will immediately need it more than ever.

Must Act Now.

The only question is, When shall we supply it—now, or later, after the demands shall have become more pressing than we were so dull and so slow? Shall we hasten to change the tariff laws and then be laggards about making it possible and easy for the country to take advantage of the change? There can be only one answer to that question. We must act now, at whatever sacrifice to ourselves. It is a duty which the circumstances forbid us to postpone. I should be recreant to my deepest convictions of public obligation did I not press it upon you with solemn and urgent insistence.

Elastic Currency Needed.

The principles upon which we should act are also clear. The country has sought and seen its path in this matter within the last few years—sees it more clearly now than it ever saw it before—much more clearly than when the last legislative proposals on the subject were made. We must have a currency, not rigid as now, but readily, elastically responsive to sound credit, the expanding and contracting credits of everyday transactions, the normal ebb and flow of personal and corporate dealings.

Government Must Control.

Our banking laws must mobilize reserves; must not permit the concentration anywhere in a few hands of the monetary resources of the country or their use for speculative purposes in such volume as to hinder or impede or stand in the way of other more legitimate, more fruitful uses. And the control of the system of banking and of issue which our new laws are to set up must be public, not private, must be vested in the government itself, so that the banks may be the instruments, not the masters, of business and of individual enterprise and initiative.

Appeals to Congress to Act at Once.

The committees of the congress to which legislation of this character is referred have devoted careful and dispassionate study to the means of accomplishing these objects. They have honored me by consulting me. They are ready to suggest action. I have come to you, as the head of the government and the responsible leader of the party in power, to urge action now, while there is time to serve the country deliberately and as we should, in a clear air of common counsel. I appeal to you with a deep conviction of duty. I believe that you share this conviction. I therefore appeal to you with confidence. I am at your service without reserve to play my part in any way you may call upon me to play it in this great enterprise of exigent reform which it will dignify and distinguish us to perform and discredit us to neglect.

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TROUBLE AHEAD FOR GLASS

Author of Currency Bill to Have
Opposition of Other Members
of the Committee.

Washington, D. C.—Chairman Glass of the house banking committee faces a revolt in the committee that endangers favorable action on the currency bill. Notice was served on him Wednesday by members of the committee that they would not accept blindly the bill that was being forced by the administration. They told him that they resented the secrecy attached to the framing of the bill and the lack of opportunity given members of the committee to assist in the work.

Mr. Glass was forced into a "close plan of committee work." He opposed it, but President Wilson, it is understood, counseled such a course and Mr. Glass was forced into acquiescence. But two members of his committee, Bulkley of Ohio and Korbey of Indiana have been in his confidence. Other members of the committee resent it.

State Hospital Head Exonerated.

Columbus, O.—Dr. A. E. Baber, superintendent of the Dayton State hospital, charged by Dr. J. B. Koch, former assistant superintendent, with incompetency, immorality and cruelty, has been exonerated by the state board of administration.

Dayton, O.—State Bank Superintendent Lattner closed the Osborn bank at Osborn, O. Deputy Superintendent J. A. Holmes was placed in charge. The bank was incorporated in 1889 for \$30,000.

LABOR LEADERS GAIN APPEAL

Gompers, Mitchell and Morrison Get
New Hearing, Which Is Set
for October.

Washington, D. C.—Chief Justice White Thursday granted an appeal to the supreme court for Samuel Gompers, John Mitchell and Frank Morrison, labor leaders convicted of contempt of court in the noted Buck Stove & Range Co. case. The appeal will be heard after October.

CAMPAIGN WORK ON

POLITICS AND LEGISLATION GO-
ING SIDE BY SIDE IN THE NA-
TION'S CAPITAL.

THREE BIG PARTIES ARE BUSY

Progressive-Republican Leaders Hope-
ful Hillies Will Call Rehabilitation
Convention and Democrats Believe
It Would Help Them.

By GEORGE CLINTON.

Washington.—While the tariff debate is on in the senate the representatives of the three political parties have found time to get ready for the next campaign. As a member put it today, "we are to have politics and legislation side by side for some time, for it seems likely that the day of short sessions of congress is forever ended."

Politics is nearly as lively in Washington now as it was a year ago when every candidate for the presidency, Republican and Democratic, had open headquarters in this city. The same men in part who were conducting the campaigns of a year ago are still at work in party headquarters in this city. For the most part, however, it is the subordinate headquarters men who are in charge, for the chief organization officials just now have too much to do in legislative matters to give any great amount of time to headquarters work.

The Democrats, the Republicans and the Progressives all are keeping "open house" in Washington, and already a considerable amount of campaign material is being turned out. One of the chief efforts of some of the Republican party's leaders today has to do with the campaign to induce the Republican national committee to call a convention of the party for rehabilitation purposes in the late fall or certainly in the early winter. Since the executive committee of the Republican national committee met here some time ago and authorized the chairman to order a meeting of the full committee within sixty days after the adjournment of congress, the progressive-Republican chieftains who want to make sure that Chairman Charles D. Hillies will call the convention have been exceedingly busy in a missionary way.

Convention Seems Likely.

It is said by some men who are close to the progressive-Republican leaders that the promoters of the convention plan are much more hopeful today that the chairman will issue a call for the gathering than they were a month ago. There are things which may account for this renewed hopefulness of the progressive-Republicans. In the first place, it was known that much of the opposition to the convention idea was based on the fear of the old line Republicans that if a convention were called and the progressive-Republicans were found to be in control of it, the old liners might be compelled to submit to the adoption of some kind of a platform of principles which would commit the reorganized party to some things for which the men known as regular Republicans would not be willing to stand.

It is rumored now that if the Republican national committee will consent to call a party convention, the progressive-Republicans have promised not to insist upon anything except a change in the party representation from the southern states, an endorsement of the primary principle, and a rule that all delegates having officially authenticated credentials to conventions shall be seated without dispute. If the progressive-Republicans have agreed to this, as rumor has it they have, it seems to be virtually certain that Chairman Hillies of the national committee by the consent of the members will summon a convention and that it may be held just before the convening of the next regular session of congress in December.

Plagues the Democrats.

Democratic leaders say that they hope that the Republicans will call a convention and will try to patch up their differences. No Democratic leader believes, apparently, as it is perfectly natural he should not believe, that the opposition organization can patch up a peace. The Democratic leaders say that such a convention by its acts only would accentuate the differences between the two wings of the party and simply will alienate further from out-right Republicanism the Progressives who formed a new party last year and who, according to the Democratic belief, will still insist upon going their own way.

The progressive Republicans, however, seem to think that the Progressives can be brought back into the fold if the old convention methods are done away with and if there seems a strong probability that the principles for which the Progressives stood are to be adopted by the Republican party. The progressive party leaders in Washington say that there can be no thought of amalgamation with the older party unless that party adopts every one of the Progressives' principles, rids itself of the bosses, and agrees to become progressive in name.

Tariff Bill Moves Slowly.

Finally the senate has settled down to start the last stage of the tariff bill's journey. Members have admitted that the course of the tariff thus far has been followed at a tortoise pace, and it is believed from what is said, by the senators especially, that it will be pretty late in the summer before the bill goes to conference.

What virtually is the fourth tariff bill within as many years is now on the last leg of its journey. The ques-

tion naturally arises, is the country to have a fifth bill in a fifth, or at the furthest, a sixth summer? It all depends, so the members say, upon the success before the country of the measure now slowly moving on to the place where it will receive the signature of the president of the United States. All kinds of dire happenings have been predicted if the present bill should become the law of the land, and also all kinds of supreme happiness have been predicted if the bill shall become the law.

The Democrats in house and senate, or at least those of them who at heart are for the measure, say that it will fulfill the souls' desire of the men and the party who are responsible for its framing. The Republicans, and even some of the progressive Republicans, say that the measure, if it passes, means disaster. The Progressives, the members of the new party in the house and its one member in the senate, say that no tariff legislation which can stand the real test even will be passed until a business commission is appointed to study conditions and to make a report from a commercial standpoint upon what the rates of duty should be. These are the varying Washington opinions on the prospects for success or failure of the present tariff bill.

Quick Action a Dream.

It is now getting well on toward the second summer month, and the senate is still at the tariff. President Wilson hoped, and said he hoped, that tariff legislation would be ready for his signature by Independence Day. Members and senators said they hoped the same thing, but it is definitely known that there were only a few of them who had any thought their hopes were to be realized. How slow has tariff legislation dragged along its course? It has been no slower this year than in the years that are past, but it was thought that because of the material which the ways and means committee of the house and the finance committee of the senate had at their disposal, and because of the long drawn-out discussions of recent years, this year's action might be expedited. It seems to have been an elusive belief.

It is believed that before the senate gets through with the bill and brings it to a final vote, several senators will speak for two and three days at a stretch upon those matters which they think are particularly vital to their constituents. Republicans and Democrats alike say it is not likely that any of the long drawn out speeches will change a single vote, but it seemingly is the intention of the senators, nevertheless, to speak at length. President Wilson wants to go to Panama in August, and then he wants to go to his recently leased summer home in New Hampshire. Some of the senators say that the president will be lucky if he gets to Panama in September and to his New Hampshire house in October, but then this may be the very darkest view of the delay which is in store.

"Bob" Wooley's Job.

Some candidates for office in Washington have troubles to get positions, even if the president of the United States is on their side and is willing to give them place. The senate occasionally is a big stumbling block in the path of ambition.

Robert R. Wooley wanted to be made an assistant secretary of the treasury, and was not, but was given the place of auditor for the interior department in the office which has Franklin K. Lane as its chief. "Bob" Wooley probably is entirely satisfied with his position, for it is a good one, and he will perform its duties as well as he has performed newspaper and other duties in his time, which means that he will do his work exceedingly well.

When the Wilson administration came into being, it was understood thoroughly that Wooley was to be appointed as one of the assistants to Mr. McAdoo in the treasury department. It may not be that Wooley was as sure as the president and his other friends were that he would get the appointment. He did not get it and this was the way of it. Some few years ago Wooley wrote some magazine articles which were not entirely complimentary to several United States senators, some of whom are still holding office. It seemed to be the general belief of Washington persons who read the article that they were intended to do a public service.

Senators Had Memories.

United States senators have memories like other people, and skins thinner than some other people. It is believed that the long memorized, thin-skinned ones let Mr. Wilson know that in the executive session called to consider nominations, the personal equation would be used to solve the problem of appointment in a manner disastrous to Mr. Wooley.

The president apparently did not want an appointment of his rejected and so Wooley was made auditor of the interior department, and as the position is not quite as prominent as one as that for which the nominee originally was slated, no senator apparently used his influence to intervene between the appointee and his job. In all the circumstances of the case, the interior department's auditor can be well satisfied with the outcome. It was generally understood by Washington correspondents that he had been made a sacrifice because he had elected to do his duty as a writer by the public, and those who know him are certain that in order to get the place of chief secretary of the treasury, he would not blot out one word from the articles he had written.

The average man is sufficiently galled to make a foot of himself just to please some woman.